

Message Text

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ACTION OPIC-06

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 AID-05 TRSE-00

OMB-01 L-03 H-01 CIAE-00 INR-07 NSAE-00 SP-02 /046 W

-----030653 116153 /11

R 021649Z MAR 77

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 0378

AMCONSUL OPORTO

C O N F I D E N T I A L LISBON 1664

E.O. 11652: GDS

TAGS: EINV, PO

SUBJECT: U.S. INVESTMENT PROBLEMS - FACEL

REF: LISBON 1095

1. DIRECTOR OF FACEL INFORMED EMBASSY OF FOLLOWING RECENT DEVELOPMENTS: A) GOP HAS MADE ONE-YEAR LOAN FROM UNEMPLOYMENT FUND TO FIRM TO PAY 33 PERCENT OF FIRM'S SALARY BILL FOR FIRST QUARTER OF 1977. JANUARY AND FEBRUARY TRANCHES DISBURSED TO FACEL AND SALARIES PAID. B) FACEL REQUEST FOR LONG-TERM LOAN FOR INVESTMENT REJECTED BY BANCO DE FOMENTO ON GROUNDS THAT FOREIGN INVESTMENT CODE LIMITS MEDIUM-TERM DOMESTIC CREDIT TO FOREIGN FIRMS ACCORDING TO OWNERSHIP SHARE, CAPITAL AND NET ASSETS. HOWEVER, FACEL NOW IS ATTEMPTING TO SIGN CONTRACTURAL AGREEMENT WITH GOP WHICH WOULD CIRCUMVENT LIMITATION ON CREDIT FROM DOMESTIC SOURCE. TO THIS END, PORTUGUESE EXPORT PROMOTION AGENCY (FFE) IS ORGANIZING EXPLORATORY MEETING BETWEEN BANK, FACEL, UNEMPLOYMENT FUND REPRESENTATIVE AND WORKERS, AND IS EXPECTED TO INVITE EMBASSY AS OBSERVER. COMMATT PLANNING ATTEND.

2. FACEL CASE COMPLICATED BY FACT THAT PARENT FIRM, ADVANCE ROSS OF CHICAGO, HAS REPORTEDLY WRITTEN OFF INVESTMENT IN FACEL AND HAS RECEIVED FEDERAL TAX CREDIT. ACCORDING

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TO FACEL DIRECTOR, ADVANCE ROSS NOW SEVERELY RESTRICTED BY TAX WRITE-OFF IN ITS ACTIONS VIS-A-VIS FACEL.

(ACCORDING PORTUGUESE LAW, HOWEVER, FACEL STILL OWNED BY FOREIGN FIRM.) IT IS NOT CLEAR WHETHER TAX CREDIT HAS BEEN USED OR IS DEFERRED. DIRECTOR REPORTS THAT ADVANCE ROSS MADE SIMILAR WRITE-OFF ABOUT 1970 AND TOOK DEFERRED TAX CREDIT. WHEN BUSINESS IMPROVED, IT

SUBMITTED REVISED TAX RETURN WHICH WAS RELATIVELY
SIMPLE BECAUSE CREDIT HAD NOT BEEN USED. EMBASSY WOULD
APPRECIATE DEPARTMENT ADVICE REGARDING EFFECT OF TAX
WRITE-OFF ON STATUS OF FACEL AS U.S. FIRM UNDER U.S.
LAW.
OKUN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DISPUTES, INVESTMENTS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LISBON01664
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
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Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197703102/aaaadlsa.tel
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Litigation History:
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Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
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Previous Handling Restrictions: n/a
Reference: 77 LISBON 1095
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
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Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2941799
Secure: OPEN
Status: NATIVE
Subject: U.S. INVESTMENT PROBLEMS - FACEL
TAGS: EINV, PO, US, FACEL
To: STATE OPORTO
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0f4888ac-c288-dd11-92da-001cc4696bcc
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